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State Department review completed

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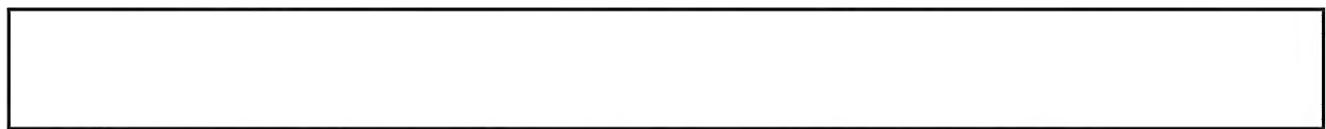
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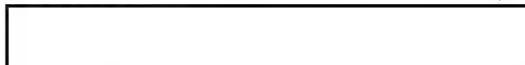
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SOVIET UNION

1. Comment on Khrushchev's appointment as first party secretary:

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[REDACTED] The USSR Central Committee plenum has elected N. S. Khrushchev as first secretary of the Communist Party, thereby confirming him in a position which he has in fact held since G. M. Malenkov left the Secretariat on 14 March. This action, which is further evidence of the close ties between Khrushchev and Malenkov, does not appear to change the power relationship which has existed since Beria was purged.

Khrushchev, who is 59 years old, has been a member of the Central Committee since 1934. After serving as first secretary in the Ukraine from 1938 to 1949, he became first secretary of Moscow oblast and a member of the Central Committee's Secretariat in 1949. In 1939 he was made a member of the Politburo and has recently been ranked third in Soviet listings of Presidium members, following Malenkov and Molotov. His position as first secretary of the Central Committee, however, probably means he is second only to Malenkov in actual influence.

Khrushchev, an agricultural expert, is generally considered to have been the instigator in 1950 of the policy of amalgamating collective farms into larger units. Under this policy the number of farms decreased from 254,000 at the beginning of 1950 to 97,000 by October 1952. However, a concomitant part of Khrushchev's idea, the resettling of peasants into agrogords or large towns, was seriously criticized in the press and never implemented. A report on agricultural shortcomings which he presented to the plenum just prior to his election indicates that he is now directly responsible for Soviet agricultural affairs, a field with which Malenkov has been particularly concerned since 1946.

Although the full text of the Central Committee decree resulting from Khrushchev's report is not yet available, it appears to follow closely the program for agriculture which Malenkov outlined at the recent session of the Supreme Soviet. The decree reveals that the Ministry of State Farms has been re-established. This move supports other indications that the merger following Stalin's death of the various ministries concerned with agriculture resulted in too large and unwieldy an administrative unit which will now be broken up.

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FAR EAST

2. Rhee seen violating both armistice and agreement with United States:

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Ambassador Briggs believes that President Rhee's action to expel Japanese vessels from international waters adjacent to Korea in violation of UN Command orders not only

contravenes his agreement with Secretary Dulles of 8 August, but may be a violation of article 15 of the armistice as well. He notes that if this challenge to the authority and responsibility of the UN Command is not effectively countered the UN-South Korea command relationship might be undermined.

Briggs states that the US may sooner or later have to face Rhee's intransigence with the full weight of its power, including sanctions.

Comment: Article 15 of the armistice agreement states that naval forces "shall not engage in blockade of any kind of Korea." It is doubtful that President Rhee would consider the dispute related to the armistice agreement, and he would probably take the position that he is not bound by any decision which impairs Korea's sovereign rights or its "national survival."

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4. Burmese report to UN accuses Taipei of insincerity:

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The Burmese government in a report to the UN asserts that the four-power committee in Bangkok is not likely to achieve "spectacular" results in its efforts to evacuate the Chinese Nationalist troops in Burma because

of Taipei's insincerity. The report, to be released in a few days as an Assembly document, states that any withdrawal which may take place will be only a gesture designed by the Nationalist government to save face.

To support their charges of bad faith, the Burmese cite the blunt refusal of General Li Mi to cooperate, the evasive actions of the Chinese representative on the committee, and the continued flow of financial and material aid from Formosa to Mong Hsat.

Comment: The American embassy in Rangoon has warned that the tension which may develop in the UN as a result of a re-examination of this problem may force Burma to request drastic actions against the Chinese Nationalist government.

NEAR EAST-AFRICA

5. Iranian prime minister Zahedi presses for more American aid:

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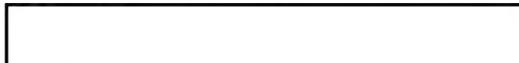


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[REDACTED] Prime Minister Zahedi told his cabinet on 9 September that he was ready to resign because of his dissatisfaction over the scale of American financial aid.

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[Redacted]

the possibility of sending a special emissary to Washington to seek additional American aid prior to the opening of Congress. Reportedly he was himself considering visiting President Eisenhower.

After a conversation with Ambassador Henderson on 11 September, however, Zahedi seemed less upset.

Comment: In spite of Zahedi's declaration that he has no intention of bargaining with the United States he appears to be doing so. It is unlikely that he would resign his position only because of disagreement over the scale of American financial aid.

Zahedi would probably not seriously consider visiting the President without American encouragement and before the domestic situation in Iran had stabilized.

WESTERN EUROPE

6. Proposed draft of new Austrian note to USSR accedes to Moscow's demands:

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[Redacted]

Western officials in Vienna have received the text of a proposed Austrian note to the USSR which states that Austria will no longer support the short draft of the state treaty nor uphold a previous declaration that negotiations on the old draft are impossible. The new note also appeals to the Soviet Union to make it possible for Austria to fulfill "from its own resources" the burdens of the treaty, and requests Moscow to advise Vienna if the prerequisites for a treaty have now been provided.

Comment: The proposed note follows assurances from Foreign Minister Gruber that no immediate action on the treaty was contemplated and that Austria is at this time chiefly concerned with establishing a propaganda position. Nevertheless, it accedes to the Soviet demand for a "definite" Austrian commitment on the short treaty and seems to invite Moscow to impose still further conditions.

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Since Soviet rejection of the short treaty draft indicates unwillingness to ease the treaty burden, the Austrian request for leniency is likely to be ineffective.

LATIN AMERICA

7. Argentine ambassador may be intermediary for re-establishment of Soviet diplomatic relations with Latin American countries:

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Ambassador Bohlen reports that rumors in the diplomatic colony in Moscow suggest that Argentine ambassador Bravo is acting as intermediary in efforts to re-establish

diplomatic relations between the USSR and certain Latin American countries. Bravo was evasive when Ambassador Bohlen raised the subject.

Comment: The Soviet Union at this time maintains diplomatic relations with only three Latin American countries -- Argentina, Uruguay and Mexico.

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